



Indian Extractions Limited



**43rd ANNUAL REPORT
1998-99**

Indian Extractions Limited

DIRECTORS :

SHRI SHANTILAL B. JHAVERI
Chairman and Managing Director

SHRI PRIYAM S. JHAVERI
Joint Managing Director

SHRI ATULYA Y. MAFATLAL

SHRI ANAND R. DALAL

SHRI ASIT D. JAVERI

SHRI PINAKIN K. PATEL

AUDITORS :

M/S. C. C. CHOKSHI & CO.
Chartered Accountants

BANKERS :

UNION BANK OF INDIA

STATE BANK OF INDIA

ANDHRA BANK

BANK OF BARODA

COMMERCIAL CO-OP. BANK LTD.

STATE BANK OF BIKANER & JAIPUR

THE LAKSHMI VILAS BANK LTD.

REGISTERED OFFICE :

NANAVATI MAHALAYA,
18, HOMI MODI STREET,
FORT, MUMBAI 400 023.

FACTORIES :

EXTRACTION UNIT :

PANDIT NEHRU MARG,
JAMNAGAR - 361 002.

CHEMICAL UNIT :

PLOT NOS. A2 / 709 & 768
40 SHEDS AREA, G.I.D.C.,
VAPI - 396 195.

Indian Extractions Limited

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NOTICE

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of **INDIAN EXTRACTIONS LIMITED** will be held on **THURSDAY the 23rd SEPTEMBER, 1999 at 3.00 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce and Industry, Oricon House, 12, K. Dubhash Marg, Fort, Mumbai – 400 023** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Anand R. Dalal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Pinakin K. Patel, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution with or without modification/s as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provision of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and permissions as may be necessary, the Board of Directors of the Company (hereinafter referred to as the "Board") be and is hereby authorised to sell, transfer or otherwise dispose of the assets or otherwise the whole or substantially the whole of the undertaking pertaining to the manufacture of Ortho Chloro Para Nitro Aniline and Para Chloro Ortho Nitro Aniline Plant located at Plot No. A2 709 & 768, 40 Sheds Area, GIDC, Vapi – 396 195 to Nanavati Services & Trades Pvt. Ltd., and/or to any other party on such terms and conditions (including price, mode of disposal, timing) as may be decided by the Board, provided that the aggregate consideration for the sale/transfer/ disposal as aforesaid is not less than Rs.80 Lakhs."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things including finalising and executing deeds, agreements, conveyances, memoranda of understanding and other documents as they may, in their absolute discretion, deem necessary, proper, expedient or desirable."

To consider and if thought fit, to pass the following resolution with or without modification/s as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the manner following, viz:

A. Re-number the existing Article 51 as Article 51(a).

B. Insert the following after the Article 51(a):

51 (b) Notwithstanding anything contained in Article 51(a) and/or other Articles, a member has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law to such member in the event of death of the said member/s subject to the provisions of the Companies Act, 1956 and other applicable laws."

Indian Extractions Limited

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The Proxy, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain close from Thursday, the 16th September, 1999 to Thursday, the 23rd September, 1999 (both days inclusive).
3. Dividend on Equity Shares, if approved at the Annual General Meeting will be paid (and the dividend warrant will be posted) to those Members whose names are on the Register of Members of the Company as on the date of Annual General Meeting i.e. 23rd September, 1999.
4. Members are requested to
 - (i) immediately intimate change of address, if any, to the Company quoting reference to their Registered Folio Number.
 - (ii) write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting.
5. Members/Proxies are requested to bring the copy of their Annual Report alongwith them and to produce the attendance slip at the entrance of the Meeting Hall.

By Order of the Board
For **INDIAN EXTRACTIONS LIMITED**

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Registered Office :
"Nanavati Mahalaya"
18, Homi Modi Street,
Fort, Mumbai - 400 023.

Dated: 27th July, 1999

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM No. 6.

The Company is carrying on, inter alia, the business of manufacturing of OCPNA and POCPNA at its undertaking situated at Plot No. A2 709 & 768, 40 Sheds Area, GIDC, Vapi - 396 195. As the members are aware due to globalization and liberalization of the Indian Economy coupled with recession in the Chemical Industry, the chemical division has been incurring losses since past two years. Increase in the purchase price of raw materials and utilities coupled with low selling prices, due to recession in the international chemical markets has been the cause of cash operating losses in the chemical division of the Company. Internationally the price of OCPNA/POCPNA have also shown major decline and are historically low. Continuous rise of surplus local capacity as well as low liquidity in the chemical market has put further pressure on the indigenous industry. The Company in order to arrest more losses discontinued production of these products from 1st January, 1999 and retrenched all the workers at the Factory. Since



April, 1999 the Company at much lower overheads started producing and is barely manufacturing about 20 M.T. per month at a capacity utilisation of about 44% and the same is being carried out to meet a certain portion of its fixed expenses. The plant is uneconomical to run at this low capacity utilisation and the company would incur losses if it continues production. This situation, is not expected to change in the near future.

As part of the restructuring activities, the Company has been exploring various alternatives in order to enable the Company to sustain the existing chemical division. The Directors of the Company after due consideration relating to the above referred matter are of the opinion that it will in the best interest of the Company, in the long term to sell, transfer or dispose off the said undertaking at Vapi, to put an end to the heavy cash losses incurred by the chemical division and only concentrate on the core business of oil extractions.

Nanavati Services & Trades Pvt. Ltd. has evinced interest in the purchase of the aforesaid chemical division. Accordingly the Management is in the process of negotiating and finalising the terms and conditions of the sale/transfer/disposal of the aforesaid chemical division with the said Nanavati Services & Trades Pvt. Ltd. The Board shall endeavour to obtain the best price possible having regard to all the circumstances but in no event shall the total consideration be less than 80 Lakhs. If any portion of the assets pertaining to the aforesaid chemical division are not required by Nanavati Services & Trades Pvt. Ltd., the Board may dispose the said assets to any appropriate third Party on the terms and conditions to be decided by the Board in the best interest of the Company. Accordingly, consent of the Shareholders is sought pursuant to the provisions of section 293 (1)(a) of the Companies Act, 1956 to authorise the Board to sell/transfer/dispose of the aforesaid chemical division on such terms and conditions as may be decided by the Board.

Your Directors recommend the Resolution for your approval.

Except for Shri S. B. Jhaveri and Shri P. S. Jhaveri, none of the Directors are interested in the resolution.

ITEM No. 7.

The newly introduced Sections 109A and 109B of the Companies Act, 1956 have for the first time given nomination facility to those investing in shares or debentures of the Company. It is proposed to amend the Company's Articles of Association to incorporate this feature in the manner stated in the Special Resolution proposed at Item No.7 of the accompanying Notice. Your Directors recommend passing of this resolution.

Directors of the Company may be considered to be interested in the passing of this resolution to the extent of their shareholdings in the Company.

A copy each of the existing and amended Articles of Association are open for inspection at the Registered Office of the Company on any working day upto and including the date of the Annual General Meeting between 11.00 a.m. and 1.00 p.m.

By Order of the Board
For **INDIAN EXTRACTIONS LIMITED**

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Registered Office :

"Nanavati Mahalaya"
18, Homi Modi Street,
Fort, Mumbai - 400 023.

Dated: 27th July, 1999

Indian Extractions Limited

DIRECTORS' REPORT

To,

The Members,
INDIAN EXTRACTIONS LIMITED

Your Directors have pleasure in presenting 43rd Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1999.

FINANCIAL RESULTS:

| | Rs. | Current Year Rs. | Previous Year Rs. |
|---|-----------|------------------------|-------------------------|
| Profit for the year before providing for Depreciation and taxation | | 73,61,510 | 1,84,33,748 |
| Less : Depreciation | 51,74,683 | | 47,76,456 |
| Provision for Taxation | 2,60,000 | | 15,50,000 |
| | | <u>54,34,683</u> | <u>63,26,456</u> |
| Profit after tax | | 19,26,827 | 1,21,07,292 |
| Add : Profit brought forward from previous year | | 1,81,67,643 | 1,19,63,295 |
| | | 2,00,94,470 | 2,40,70,587 |
| Add/(Less): Income tax adjustment in respect of earlier year | | 7,157 | (14,139) |
| Amount available for appropriation | | <u>2,01,01,627</u> | <u>2,40,56,448</u> |

APPROPRIATION :

| | | |
|----------------------------------|--------------------|--------------------|
| Proposed Dividend | 23,36,343 | 46,72,686 |
| Tax on Dividend | 2,56,998 | 4,67,269 |
| Transferred to General Reserve | — | 7,48,850 |
| Balance carried to Balance Sheet | 1,75,08,286 | 1,81,67,643 |
| | <u>2,01,01,627</u> | <u>2,40,56,448</u> |

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.0.70 (previous year Rs.1.40) per Equity Share of Rs.10/- each for the financial year 1998-99.

OPERATIONS:

During the year under review your Company has achieved a turnover of Rs.45.98 Crores compared to Rs.89.92 Crores in the previous year.

At Extraction Division, Jamnagar the Company has processed 62,521 tons of Oilcakes/Seeds against 85,288 tons in the previous year. At Chemical Division, Vapi the Company has produced 125 tons of Dyes Intermediates against 397 tons in the previous year.

Profit after tax is Rs.19.27 lakhs as compared to Rs.121.07 lakhs in the previous year because of lower realisation in the international market due to South-East Asian turmoil.

The recessionary phase in the solvent extraction industry and chemical industry has resulted in excess capacities worldwide. The supply has far exceeded demand, which has resulted in distress sale and under cutting by competitors in order to survive.

**DIRECTORATE:**

Shri Anand R. Dalal and Shri Pinakin K. Patel retire at the ensuing Annual General Meeting. Being eligible, offer themselves, for reappointment as Directors. Your Directors recommend their reappointment.

PARTICULARS OF THE EMPLOYEES:

The statement of employees as required u/s.217(2A) of the Companies Act, 1956 is given in Annexure I forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:-

The information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report to the Board of Directors) Rules, 1988 is given in Annexure II forming part of this report.

POLLUTION CONTROL:

The Company has taken steps to control pollution of effluents, dust and emission from chimneys etc. Samples are periodically drawn and reports are submitted to Pollution Control Board to ensure compliance with the standard.

Y2K COMPLIANCE:

The Company has already ensured that all critical equipments, processes and systems are Y2K Compliant. The cost incurred by the Company on this account is immaterial compared to the size of the Company and the nature of its operations. The Company is now in the process of finalising detailed contingency plans to minimise the risk of disruption of its operations due to Y2K non-compliance of the providers of the critical materials, services and public utilities. These plans include identified Y2K compliance services for supply of materials and services. The Company believes that such contingency plans would only have limited impact in case of public utility services like power, telecom ports etc. The Company is maintaining comprehensive follow-up and dialogue with these public utility service providers as to the status of their Y2K compliance which would affect the working of your Company.

DEPOSITS:

There were no overdue deposits out of the outstanding amount of Rs.30,92,000/- at the end of the year.

INSURANCE:

All the properties and insurable interest of the Company including Buildings, Plant and Machinery are adequately insured.

AUDITORS REPORT:

There are no qualifications by the Auditor's in their Report and hence no comments are offered.

AUDITORS:

You are requested to appoint Auditors and fix their remuneration.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the continued support received from shareholders, depositors and bankers of the Company. The Directors also wish to record their appreciation of the employees at all levels for their unstinted efforts and contribution to the growth of the Company.

On behalf of the Board of Director

S. B. JHAVERI
CHAIRMAN & MANAGING DIRECTOR

Place: Mumbai
Dated: 27th July, 1999

Indian Extractions Limited

ANNEXURE - I TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) (B)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1999

| Sl. No. | Name of the Employee | Age in years | Designation/ Nature of Duties | Remuneration Received Rupees | Qualification | Experience in years | Date of Commencement of Employment | Last Employment held, Name of the Employer, Post held & period |
|---------|----------------------|--------------|-------------------------------------|------------------------------------|---------------|------------------------|--|--|
|---------|----------------------|--------------|-------------------------------------|------------------------------------|---------------|------------------------|--|--|

Persons employed throughout the Financial Year & in receipt of remuneration for the year aggregating not less than Rs.6,00,000/-

| | | | | | | | | |
|----|--------------------|----|--------------------------------------|--------|---|----|------------|---|
| 1. | Shri S. B. Jhaveri | 77 | Chairman and Managing Director | 632904 | B.A. (With Economics) | 43 | 06.02.1956 | Nanavati & Co. Pvt. Ltd. Sales Executive / 4 yrs. |
| 2. | Shri A. L. Sehgal | 66 | President | 618110 | B.Sc. Diploma in Oil Technology (Mumbai) | 42 | 23.12.1957 | Bhavnagar Chemical Works Chief Chemist / 2 yrs. |

- Notes:
1. The nature of employment in all cases are contractual.
 2. Remuneration as above includes, where applicable, salary, commission, company's contribution to Provident Fund, Gratuity, Medical Expenses, Personal Accident Insurance Premium, House Rent Allowance etc. and the monetary value of perquisites calculated in accordance with the provisions of Income Tax Act, 1961 and rules made thereunder.
 3. No person was employed for part of the financial year and in receipt of remuneration aggregating not less than Rs.50,000/- per month.
 4. Shri S.B. Jhaveri is relative of Shri P.S. Jhaveri, Jt. Managing Director.

On Behalf of the Board

S. B. Jhaveri
(Chairman & Managing Director)

MUMBAI
DATED : 27th July, 1999



ANNEXURE - II TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the the Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

1. CONSERVATION OF ENERGY :

The company mainly uses non-conventional fuel i.e. Groundnut Husk, an agro waste subject to availability and uses lignite as an alternate fuel. The details of power and fuel consumption are given hereunder :

A. POWER & FUEL CONSUMPTION :

| | | | | Current Year | Previous Year |
|----|-------------------------|----------------|-----|-----------------|------------------|
| 1. | <u>Electricity :</u> | | | | |
| | Purchased & Consumed | - Unit | | 1534019 | 1926646 |
| | | - Total Amount | Rs. | 65,16,087 | 71,85,220 |
| | | - Rate/Unit | Rs. | 4.25 | 3.73 |
| 2. | <u>Coal (Lignite) :</u> | - Tonnes | | 166 | 312 |
| | | - Total Amount | Rs. | 1,38,662 | 388395 |
| | | - Average Rate | Rs. | 835.31 | 1244.86 |
| 3. | <u>Furnace Oil :</u> | - Litres | | 90700 | 233425 |
| | | - Total Amount | Rs. | 7,68,704 | 19,36,324 |
| | | - Average Rate | Rs. | 8.47 | 8.30 |
| 4. | <u>Others :</u> | | | | |
| 1. | Groundnut Husk | - Tonnes | | 6646 | 7870 |
| | | - Total Amount | Rs. | 32,78,689 | 45,82,563 |
| | | - Average Rate | Rs. | 493.33 | 582.28 |
| 2. | Firewood | - Tonnes | | — | 37 |
| | | - Total Amount | Rs. | — | 48,659 |
| | | - Average Rate | Rs. | — | 1315 |
| 3. | Diesel | - Litres | | 57970 | — |
| | | - Total Amount | Rs. | 6,42,805 | — |
| | | - Average Rate | Rs. | 11.08 | — |

B. CONSUMPTION PER UNIT OF PRODUCTION :

Per tonne of oilcakes/seeds Processed :

| | | | |
|-----------------------|---------|-------|-------|
| Electricity | - Unit | 20.82 | 16.21 |
| Fuel : Coal - Lignite | - kgs. | 3 | 4 |
| G.N Husk | - " | 106 | 92 |
| Firewood | - " | — | 0.4 |
| Diesel | - Litre | 1 | 0.11 |

Per Kilo of Dyes Intermediates :

| | | | |
|-------------|---------|------|------|
| Electricity | - Unit | 1.86 | 1.33 |
| Furnace Oil | - Litre | 0.72 | 0.56 |